

ISSUE DATE: September 18, 1996

DOCKET NO. P-407/CI-96-216

ORDER APPROVING REVISED TARIFF SHEETS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs  
Marshall Johnson  
Dee Knaak  
Don Storm

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition of the Department  
of Public Service for a Commission  
Investigation of the Level of Rates Charged by  
Contel of Minnesota, Inc. d/b/a GTE  
Minnesota

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**PROCEDURAL HISTORY**

On July 14, 1995, the Minnesota Department of Public Service (the Department) initiated an investigation into the level of earnings of Contel of Minnesota, Inc. d/b/a/ GTE Minnesota (GTE). The Department's report was based on the annual report that GTE had filed for the year 1994.

On March 1, 1996, the Department submitted a petition to the Commission requesting that the Commission initiate an investigation into the level of rates charged by GTE. Attached to the petition was an Offer of Settlement and Stipulation (the settlement) that had been agreed to by GTE, the Department, and the Residential and Small Business Utility Users Division of the Office of the Attorney General (RUD-OAG). Information in the settlement was corrected in a filing made by GTE on March 20, 1996.

On August 29, 1996, the Commission issued its ORDER APPROVING SETTLEMENT AS MODIFIED. In that Order, the Commission approved the calculation of the overall level of revenues being earned by GTE and the amount by which those revenues should be reduced as proposed in the settlement. The Commission also found appropriate the following rate design changes proposed in the settlement:

- elimination of the separate charge for toll blocking and billed number screening,
- reduction of the business/residence ratio,
- equalization of the trunk rate to the 1FB and key rates, and
- provision of a one time credit of \$6.82 per access line.

The Commission also determined that, instead of reducing all access line rates by \$1.00 plus approximately 6.2 percent as proposed in the settlement, the following rate design changes

better suited the public interest and produced the same total reduction as the method proposed in the settlement:

- reduce the EAS additives by 50 percent in those GTE exchanges that have voted in favor of EAS since 1990 and in the Brookston exchange, which is the only other exchange granted EAS since 1985,
- reduce the rates for GTE's Community Plus Plan, which serves as the lower priced alternative to flat rate metro EAS, and
- reduce the rate for all access lines by 85 cents per month.

On September 3, 1996, GTE filed a rate reduction analysis and revised tariff sheets incorporating the requirements of the Commission's August 29 Order. Department and Commission staff identified some inconsistencies in the revenue analysis and discussed these with Company representatives. GTE adjusted its analysis for these items and filed a revised analysis and compliance tariff on September 6, 1996. The total estimated amount of revenue reduction from the rate design changes ordered by the Commission is \$4,173,747 compared to the \$4,171,946 estimated in the proposed settlement and for the Commission staff's proposed modified rate design.

On September 12, 1996, the Commission met to consider this matter.

### **FINDINGS AND CONCLUSIONS**

The Commission has reviewed GTE's compliance filing and will approve it.

The Company's revised filing of September 6, 1996 properly meets the requirements of the Commission's August 29, 1996 Order. In that Order, the Commission directed an \$.85 per access line reduction and a reduction of the Business/Residential (B/R) ratio to 2:1. Achievement of those two goals results in a reduction of GTE revenues by an additional \$1,801 over the reduction estimate provided at the Commission meeting prior to issuance of the August 29, 1996 ORDER APPROVING SETTLEMENT AS MODIFIED.

### **ORDER**

1. GTE's revised compliance filing filed September 6, 1996 (consisting of a revised rate reduction analysis and compliance tariff) is approved.

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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